

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: Lisa Goldman
Acting City Manager

Date: February 1, 2011

Re: Adopt a Resolution in Opposition to the Governor's Proposal to Abolish
Redevelopment Agencies in California

BACKGROUND

On Monday, January 10, 2011, Governor Brown issued his 2011-12 budget proposal. The proposal includes the dissolution of redevelopment agencies statewide and the requirement that all future tax increment be used only to satisfy the agencies' existing obligations. Given the current budget proposal, staff is recommending that the City of Alameda adopt a resolution in opposition to the proposed budget.

DISCUSSION

The Governor's proposal to eliminate redevelopment agencies is another attack on local funds that voters have repeatedly sought to end. In November 2010, for example, 61% of the voters elected to stop State raids of local government funds, including redevelopment funds. The current proposal will destroy local economic development efforts. The elimination of redevelopment would take away one of the few tools local governments have to comply with state requirements to plan for more compact urban development supported by transit-oriented development, housing, jobs and infrastructure.

The Community Improvement Commission of the City of Alameda (CIC), the City's redevelopment agency, has numerous projects in various stages of development that assist in the elimination of blight and serve as a catalyst for private investment in its redevelopment areas. It will be difficult to continue planning and implementing these redevelopment and economic development projects without the resources from redevelopment. Examples of areas that could be adversely affected include redevelopment of the Northern Waterfront, the Webster Street and Park Street commercial districts, and Alameda Point projects.

Additionally, redevelopment agencies are the second largest funder of affordable housing, behind the federal government. Affordable housing is a critical, unmet need throughout the Bay Area, and the City of Alameda is no exception. Funding the preservation and expansion of affordable housing for very low-, low-, and moderate-

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income households is key to a vibrant and sustainable local economy. In addition to funding these important activities, 20% redevelopment funds are used to administer the CIC's inclusionary housing program and undertake various reporting activities, as required by State law.

Lastly, the proposal is expected to bring little financial benefit to the State. According to the State Controller's Office, redevelopment agencies have more than \$87 billion in bond and other contractual obligations that legally must be repaid before revenues are available to any other purpose. In fact, according to the State Department of Finance's own budget documents, there will be zero State savings in the long term from shutting down redevelopment.

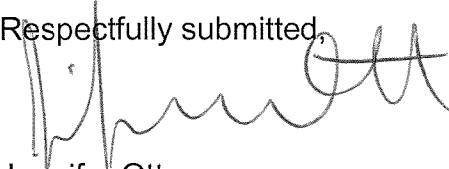
FINANCIAL IMPACT

Adoption of the resolution has no impact on the City's or CIC's budget.

RECOMMENDATION

Adopt a resolution in opposition to the Governor's proposal to abolish redevelopment agencies in California.

Respectfully submitted,



Jennifer Ott
Deputy City Manager

By:



Dorene E. Soto
Manager, Business Development Division

CITY OF ALAMEDA RESOLUTION NO. _____

OPPOSING THE GOVERNOR'S PROPOSAL TO ABOLISH
REDEVELOPMENT AGENCIES IN CALIFORNIA

Approved as to Form



City Attorney

WHEREAS, as part of its 2011-12 budget proposal, the Governor has proposed permanently abolishing California's more than 400 local redevelopment agencies; and

WHEREAS, this proposal represents misguided and illegal State budget raids of local government funds that voters have repeatedly sought to end, most recently in November 2010 when an overwhelming 61% of voters elected to stop State raids of local government funds, including redevelopment funds; and

WHEREAS, this proposal will bring little financial benefit to the State. According to the State Controller's Office, redevelopment agencies have more than \$87 billion in bond and other contractual obligations that legally must be repaid before revenues are available to any other purpose. In fact, according to the State Department of Finance's own budget documents, there will be zero State savings in out years from shutting down redevelopment; and

WHEREAS, this proposal will severely limit local economic development efforts, including hundreds of thousands of jobs and billions of dollars in local economic activity throughout California. Specifically, in the City of Alameda abolishing redevelopment will significantly impede efforts to redevelop the northern waterfront and Alameda Point, and to provide affordable housing for the residents of Alameda; and

WHEREAS, throughout California, redevelopment activities support 304,000 jobs annually, including 170,600 construction jobs, contribute over \$40 billion annually to California's economy in the generation of goods and services, and generate more than \$2 billion in state and local taxes in a typical year; and

WHEREAS, eliminating redevelopment will take away one of the few tools local governments have to comply with state requirements to plan for more compact urban development supported by transit-oriented development, housing, jobs and infrastructure; and

WHEREAS, eliminating redevelopment will have significant adverse impacts on the development of affordable housing in California. Redevelopment agencies are the second largest funder of affordable housing, behind only the federal government, responsible for over 98,000 units of affordable housing since 1993; and

WHEREAS, shutting down redevelopment agencies is a violation of multiple State and Federal constitutional provisions.

NOW, THEREFORE, BE IT RESOLVED that the City of Alameda formally opposes the Administration's proposal to abolish redevelopment in California.

THEREFORE, BE IT FURTHER RESOLVED, that the City of Alameda authorizes its City Council and City staff to communicate its opposition to this proposal to the Governor, the Legislature, business groups, and citizens.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 1st day of February, 2011, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this 2nd day of February, 2011.

Lara Weisiger, City Clerk
City of Alameda